GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:299
ANSWERED ON:03.09.2007
RETURN ON AGRICULTURAL INVESTMENT
Fanthome Shri Francis

Will the Minister of AGRICULTURE be pleased to state:

(a) whether the Government is examining any proposal to link the cost of agricultural produce to the rate of inflation;

(b) if so, the details thereof;

(c) whether the return on investment in agriculture is much lower than that in any industry;

(d) if so, whether any study has been conducted to ascertain the reasons for the same;

(e) if so, the details and the outcome thereof; and

(f) the steps taken to correlate the return on investment in Agriculture to the one that obtains in industry?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (f): A statement is laid on the Table of the House.

STATEMENT REFERREyD TO IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO. 299 DUE FOR REPLY ON 3RD SEPTEMBER, 2007.

(a) & (b): There is no such proposal. However, it may be stated that the Commission for Agricultural Costs and Prices (CACP) recommends Minimum Support Prices (MSPs) based on a number of factors including cost of production, market prices (both domestic and international), rise in input prices and inter-sectoral terms of trade.

(c) to (f): The return on the investment in agriculture and industry are not comparable since the production conditions, technology, impact of natural resources and climate, scale of operations and demand and supply factors etc. differ considerably for agriculture and industry. Government has not conducted any specific study on comparison of return of investment in agriculture and industry. However, several steps have been taken by the Government to boost the agricultural growth and return on investment in agriculture. These include declaration of MSPs before sowing season, measures to improve production and productivity of various agricultural commodities through ensuring easy availability of credit, irrigation facilities, crop diversification, marketing infrastructure and extension services. Further, the National Development Council (NDC) in its 53rd meeting held on 29th May, 2007 has resolved, inter-alia, the following:

Launching of a Food Security Mission covering wheat, rice and pulses aimed at producing an additional 8 million tonnes of wheat, 10 million tonnes of rice and 2 million tonnes of pulses.
Introducing a new scheme for Additional Central Assistance (ACA) to State Plans. The newly created National Rainfed Area Authority (NRAA) would assist States in planning for rainfed areas.
To provide additional resources for irrigation.
Strategic focus on the national agriculture research effort.
To take new initiatives for skill development in the farming community.
The State Governments are to prepare District and State Agricultural Plans for prioritizing investment in the sector.

In this regard, the Government of India has initiated two schemes for increasing agricultural production and productivity and investment in the sector. These are
(i) National Food Security Mission (NFSM) and
(ii) Additional Central Assistance Scheme (ACAS) to incentivise States to invest more based on State and District Plans for agricultural development.